



Detroit's Reform School Board Would Be Wise to Privatize

by Lawrence W. Reed and Michael D. LaFaive

Summary

Big-city school districts including Chicago and Philadelphia save millions of dollars each year by contracting with private firms for custodial, food, bus, and other support services. Privatization could help Detroit schools improve their services make more funds available for struggling students.

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It's amazing what a little desperation can do. On the eve of its recent demise, with its back against the wall, Detroit's old school board gritted its teeth and proposed something that actually could have worked wonders: privatization of some school support services.

Detroit's new reform school board should now take up this idea in earnest. Privatization—relying on the innovative and competitive private sector to provide services within the government-run K-12 schools—represents enormous potential for saving money, improving quality, and putting the school takeover effort on the path to success.

The practice is spreading across the nation, even if it has yet to come to Detroit in a big way. According to a 1997 survey by *American School & University* magazine, more than 40 percent of the nation's school districts are contracting out for bus transportation and more than 21 percent are contracting out for food service. Philadelphia's school district saved over \$29 million in just two years by relying on privatized transportation, food service, custodial and other functions.

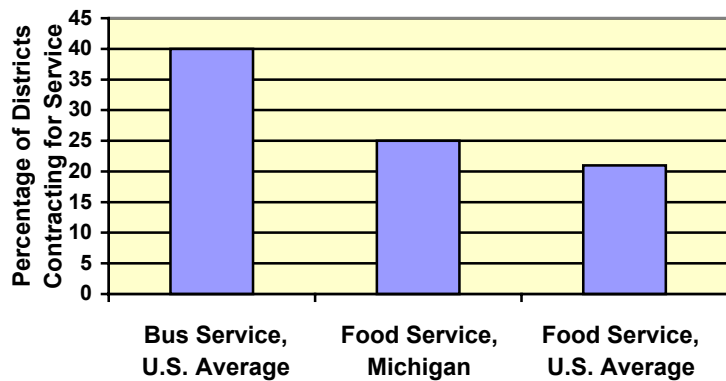
After Chicago Mayor Richard Daley took over the Windy City's beleaguered school district in 1994, he appointed a crack management team that eliminated a huge budget deficit largely by contracting with private companies. In three years, the Chicago Public Schools saved \$20 million by privatizing busing alone. The savings enabled more money to be directed into after-school and summer-school programs for struggling students.

One obstacle to school-service privatization has been union opposition. But in 1994, the Michigan legislature made major changes in collective bargaining law that took the privatization of school-support services off the list of mandatory topics for bargaining. This makes it easier for cost-conscious school

districts to privatize and harder for unions to oppose it. The change has sparked a privatization revolution in Michigan school districts, providing a wealth of examples for Detroit's reform board to emulate.

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Privatization of K-12 School Support Services



Sources: American School & University magazine, Mackinac Center for Public Policy

The Pontiac School District in Oakland County made statewide headlines in 1993—even before the law was changed—when it sold its buses and hired Ryder Student Transportation Services to transport its 4,000 students to and from school. Designed to net the district savings of about \$500,000 annually, the Pontiac plan spurred other school bus privatizations across the state.

To handle its busing, the Climax-Scotts School District in Kalamazoo County hired Cincinnati-based Laidlaw Transit Corporation in 1996. District business manager Lou Wade told the Mackinac Center's *Michigan Privatization Report*, "We've never been happier. Drivers get more in-service training and the company helps educate our students about bus safety too."

School lunches, anyone? Today, about a quarter of Michigan's 555 school districts contract with private firms to feed their students. Chartwells (formerly Canteen), Aramark and Marriott are three of the largest contractors. Brian Jones, director of business services for the Willow Run Community School in Ypsilanti, reports that since Monroe-based Aramark took over the district's food program, "The service is vastly improved. The quality of the food and the choices for students are better. Students tend to eat in the school more now because of Aramark, which helped us to cut down on the problem of students leaving school for lunch."

Based in Caledonia, Michigan, Chartwells' Rick Simpson says that because all of his firm's food-service contracts in Michigan are for one year at a time, "we are on perpetual probation; we have to serve good food every day or we won't be there any more."

Incidentally, Michigan schools aren't just contracting out for services. They're turning over the whole program. The New York City-based Edison Project now manages 10 public schools in Washtenaw, Macomb, Genesee, Calhoun, Wayne and Ingham Counties. Instructional services are going private as well, with a national firm, Sylvan Learning Systems, and a local one, the Bloomfield Hills-based Reading and Language Arts Center, among the many examples of private firms in the field.

If Detroit's new reform school board is interested in having a lasting, positive impact on the city's public school children, one way to do it is to break the cycle of spending more than necessary to get a job done. It should follow the lead of scores of Michigan school districts that are saving millions of dollars and improving quality by injecting a healthy dose of competition into the provision of school services.

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(Lawrence W. Reed is president of the Mackinac Center for Public Policy in Midland and Michael D. LaFaive is managing editor of the Center's quarterly journal, *Michigan Privatization Report*. More information on education and privatization is available at www.mackinac.org. Permission to reprint in whole or in part is hereby granted, provided the authors and their affiliations are cited.)

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